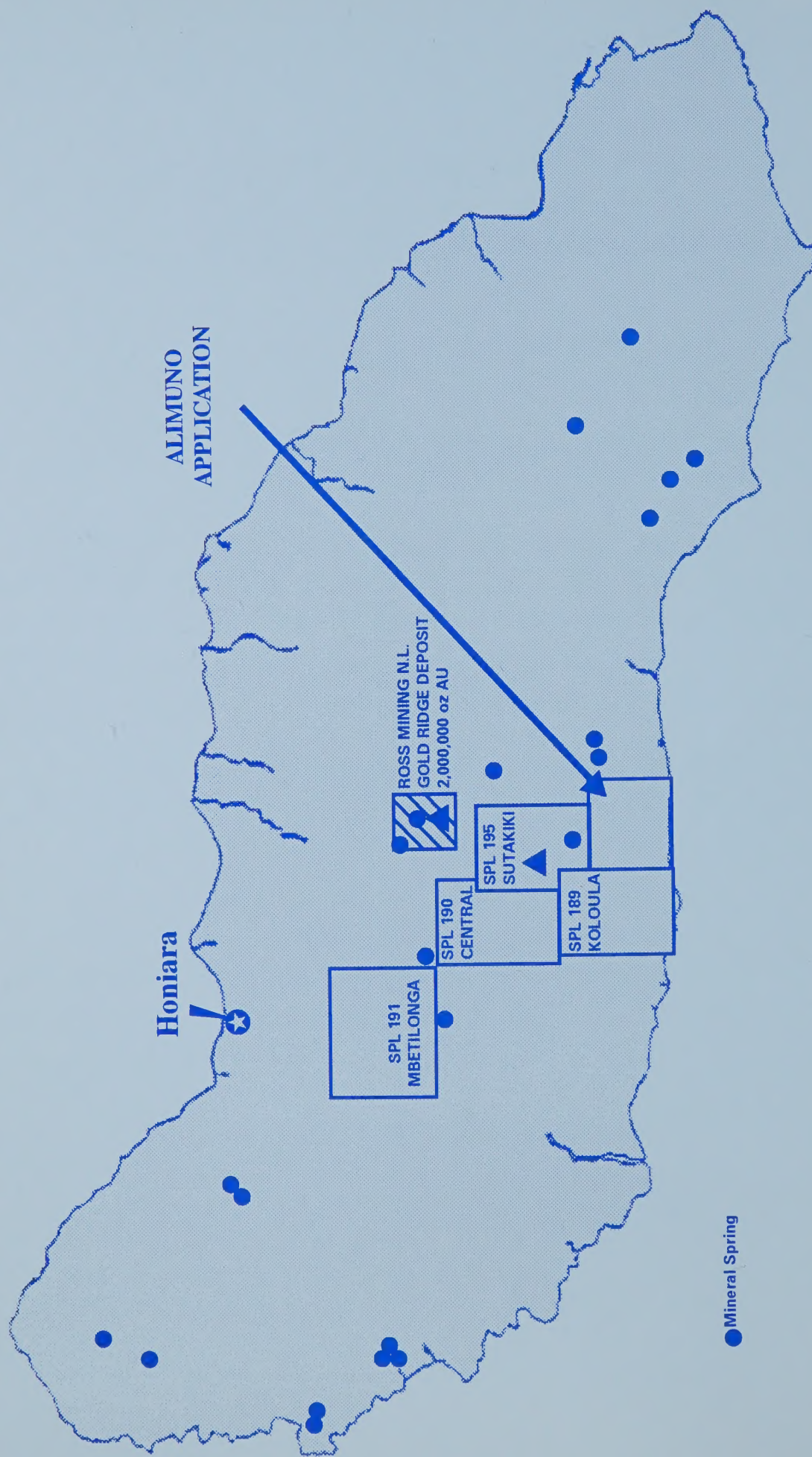


WESTERN PACIFIC GOLD INC.

ANNUAL REPORT
1996

PROPERTY ON GUADALCANAL, SOLOMON ISLANDS



Directors Report To The Shareholders

Winspear Business Reference Room
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

Western Pacific Gold Inc. has achieved significant progress since new management began in March 1996. We initiated programs to build the Company into a notable participant in the world mining industry by developing an asset base through the discovery and development of mineral deposits, mainly gold and copper. The Company is entering an exciting stage of its development funded through a number of successful financings.

Located on the south west Pacific Rim of Fire and 10 kilometers south of the 2,000,000 ounce Gold Ridge Deposit, are the Company's four granted Special Prospecting Licenses on Guadalcanal, Solomon Islands. Exploration activity has been accelerated on these targets which represents the largest ground land position on the Solomon Islands.

The Company has an excellent team of dedicated in-house geo-scientists with over 70 years of experience, and has, as a result of this expertise, already made a significant discovery of what management believes is a new south west Pacific gold outcrop.

A recently completed 4,400 km line, state of the art, aeromagnetic survey over its entire Solomon Islands position, combined with management's up to date understanding of the mineral systems in this area, has defined in excess of eight high priority, high tonnage targets, suitable for drill testing.

The Company's land position on Chupukama Ridge, Mbina North, Sutakiki and the Vuralasa-Lotu and Wutulangona prospects at Mbetilonga each offer potential for the discovery of world class mineral deposits. This has become more evident from the recent discovery at Mbina North, where a porphyry system exposed over 6km² reported high grade veins up to 2.3 ounces per tonne.

In addition to the above, the Company presently owns 20% beneficial interest in the Wainunu, Fiji Island Gold Prospect located 12 km west of the

300,000 oz Mt. Kasi mine. Bulldozer trenching and a first stage of drilling, comprising seven diamond drill holes totaling 800 meters, has been completed on the prospect.

The potential of the Solomon Islands is confirmed by the ability of the Company to attract capital. Since May the Company has raised \$1.8 million in new equity. In the most recent transaction, \$1.0 million was raised by the sale of one million common shares at \$1.00 per share and one million share purchase warrants \$1.35 each to funds managed by Rothschild Emerging Markets L.L.C.

Several major mining groups have expressed a keen interest in the Company. We will report to you on the progress and developments of these negotiations.

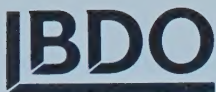
The Company is firmly established with a sound base of people, projects and finances. In the immediate period ahead shareholders can expect increased drilling activity, an increased pace of exploration to identify more drill targets, and the addition of more exciting projects to our mineral resource portfolio.

We express our appreciation to all our employees, our associates in Australia, Solomon Islands and Canada, and the many others who continue to contribute to the long-term growth of our Company.

On Behalf of the Board of Directors



Nicholas Mather
President
Brisbane, Australia



Auditors' Report

To the Shareholders of
Western Pacific Gold Inc.

We have audited the consolidated balance sheets of Western Pacific Gold Inc. as at June 30, 1996 and 1995 and the consolidated statements of operations and deficit and changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

BDO Dunwoody
Chartered Accountants

Edmonton, Alberta

October 18, 1996

Western Pacific Gold Inc.
Consolidated Balance Sheets

June 30 1996 1995

Assets

Current

Cash and short-term investments	\$ 1,428,055	\$ 3,006
Accounts receivable	8,628	7,885

	1,436,683	10,891
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Equipment (Note 3)

1,870

-

Mineral properties (Note 4)

1,086,631

-

	\$ 2,525,184	\$ 10,891
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Liabilities and Shareholders' Equity (Deficiency)

Current

Accounts payable	\$ 121,747	\$ 19,419
Due to shareholders	173,504	-

	295,251	19,419
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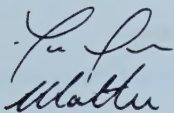
Shareholders' equity (deficiency)

Share capital (Note 7)	2,988,241	478,250
Contributed surplus	55,492	55,492
Deficit	(813,800)	(542,270)

	2,229,933	(8,528)
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	\$ 2,525,184	\$ 10,891
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On behalf of the board



Director

Director

The accompanying notes are an integral part of these financial statements

Western Pacific Gold Inc.

Consolidated Statements of Operations and Deficit

For the years ended June 30	1996	1995
Revenue		
Interest	\$ 8,198	\$ -
Expenses		
General and administrative	279,728	86,318
Loss from operations	(271,530)	(86,318)
Write-down of loans	-	(165,500)
Net loss for the year	(271,530)	(251,818)
Deficit, beginning of year	(542,270)	(290,452)
Deficit, end of year	\$ (813,800)	\$ (542,270)
Loss per share (Note 8)	\$ (0.078)	\$ (0.234)

The accompanying notes are an integral part of these financial statements

Western Pacific Gold Inc.

Consolidated Statements of Changes In Financial Position

For the years ended June 30	1996	1995
Cash provided by (used in)		
Operating activities		
Net loss for the year	\$ (271,530)	\$ (251,818)
Items not involving cash		
Write-down of loans	-	165,500
Depreciation	24	-
	(271,506)	(86,318)
Changes in non-cash working capital balances		
Accounts receivable	(743)	(7,661)
Accounts payable	51,828	10,517
	(220,421)	(83,462)
Advances to former directors	-	(165,500)
Financing Activities		
Advances from shareholders	20,804	-
Issue of common shares	2,509,991	168,500
Shares issued to exercise property option	(69,991)	-
	2,460,804	168,500
Investing activities		
Acquisition of net assets of foreign subsidiary, excluding cash	(498,200)	-
Purchase of equipment	(1,894)	-
Expenditures on mineral property	(208,920)	-
Acquisition of property option	(106,320)	-
	(815,334)	-
Increase (decrease) in cash for the year	1,425,049	(80,462)
Cash and short-term investments, beginning of year	3,006	83,468
Cash and short-term investments, end of year	\$ 1,428,055	\$ 3,006

The accompanying notes are an integral part of these financial statements

Western Pacific Gold Inc.

Notes to Consolidated Financial Statements

June 30, 1996 and 1995

1. Description of Business

Western Pacific Gold Inc. (the Company) is a public company incorporated under the Business Corporations Act of the Province of Alberta. It commenced trading December 11, 1986 on the Alberta Stock Exchange under the name, First Canada Financial Corp. During the year, the Company acquired all of the outstanding common shares of an Australian exploration and mineral development company by way of issuance of common shares from treasury. On April 9, 1996, the Company changed its name to Western Pacific Gold Inc. as its principal business activity has become the acquisition, exploration and development of mineral properties.

2. Significant Accounting Policies

Basis of Presentation	These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada, and include the accounts of the Company and its wholly-owned subsidiary, Australian Resource Management (A.R.M.) PTY Limited, hereinafter referred to as "ARM".
Short-term Investments	Short-term investments are stated at the lower of cost or market value and consist primarily of money market instruments.
Deferred Exploration Costs	Acquisition, administration, exploration and development costs of mineral exploration properties are capitalized and will be depleted on a unit of production basis at such time as production commences or charged against income if the property is abandoned. Administration costs incurred after commencement of production are charged to operations in the period incurred. The amounts shown for acquisition costs and deferred exploration expenditures represent costs to date and do not necessarily reflect present or future values.
Equipment	Equipment is stated at cost and is depreciated on the straight line basis over their estimated useful lives.
Foreign Currency Translation	Foreign currency transactions and balances which result primarily from integrated business operations in Australia are translated into Canadian dollars using the temporal method of translation. Under this method, monetary assets and liabilities in currencies other than Canadian dollars are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rates in effect at the dates the assets and liabilities were acquired. Revenue and expense items are translated at the average rate of exchange in effect in the year when such items are recognized in income.

Western Pacific Gold Inc.

Notes to Consolidated Financial Statements

June 30, 1996 and 1995

3. Equipment

	1996	1995
Cost	\$ 1,894	\$ -
Less: accumulated depreciation	(24)	-
	<u>\$ 1,870</u>	<u>\$ -</u>

4. Mineral Properties

	Acquisition Costs	Exploration Expenditures	1996	1995
Wainunu, Fiji project	\$ 169,991	\$ 114,027	\$ 284,018	\$ -
Solomon Islands projects	701,642	100,971	802,613	-
	<u>\$ 871,633</u>	<u>\$ 214,998</u>	<u>\$ 1,086,631</u>	<u>\$ -</u>

5. Business Acquisition

On March 29, 1996 the Company acquired all the issued and outstanding shares of ARM for consideration of 5,000,000 common shares of the Company for a total acquisition cost of \$500,000. The acquisition has been accounted for by the purchase method. Under this method, the results of operations of ARM are included in these financial statements from the date of acquisition. The Company's net interest in the net assets acquired at assigned values are as follows:

Cash and other assets	\$ 2,800
Mining properties	700,400
Current liabilities	(50,500)
Other liabilities	(152,700)
	<u>\$ 500,000</u>

Western Pacific Gold Inc.

Notes to Consolidated Financial Statements

June 30, 1996 and 1995

6. Related Party Transactions

During the year, the Company entered into the following related party transactions:

- a) Of the 5,000,000 common shares issued for the acquisition of the subsidiary company, 468,860 were issued to shareholders who subsequently became directors of the Company.
- b) Completed a private placement of 750,000 common shares at an issue price of Cdn. \$0.10 per share to companies affiliated with directors of the Company.
- c) Completed a private placement of 2,500,000 common shares at an issue price of Cdn. \$0.20 per share of which 590,000 shares were issued to directors of the Company and companies or trusts affiliated with directors of the Company.
- d) Purchased for \$106,312, an option to acquire a mineral resource property interest in the Wainunu Fiji Gold Project from a corporation controlled by a director of the Company.
- e) During the year, the wholly-owned subsidiary company paid \$116,184 to directors and officers or to consulting companies controlled by directors and officers of the Company, for professional, technical and managerial services. The subsidiary also paid \$5,120 of interest charges on loans received from a company controlled by a director.
- f) During the year, the Company paid professional fees of \$35,000 to a company over which a director has significant influence.

7. Share Capital

Authorized

Unlimited number of common shares
Unlimited number of preferred shares

Issued

Common shares

	Number of Shares	Consideration
Balance, June 30, 1994	4,524,750	\$ 309,750
Issued for cash during the year	1,145,000	168,500
Balance, June 30, 1995	5,669,750	478,250
One for five consolidation	(4,535,800)	-
	1,133,950	478,250
Issued for cash during the year	5,350,000	1,940,000
Issued for acquisition of subsidiary	5,000,000	500,000
Issued on acquisition of property	124,984	69,991
Balance, June 30, 1996	11,608,934	\$ 2,988,241

Western Pacific Gold Inc.

Notes to Consolidated Financial Statements

June 30, 1996 and 1995

7. Share Capital (continued)

a) At June 30, 1996 the following warrants and options were outstanding:

i) Directors' Stock Option Plan

Options to purchase 938,395 shares at \$0.10 per share expiring in 2001

Options to purchase 185,000 shares at \$0.40 per share expiring in 2001

ii) Warrants on outstanding shares

Warrants to purchase 2,174,999 shares at an average of \$0.71 per share expiring at various dates to 1998.

b) During the year ended June 30, 1996, options on 250,000 shares were exercised at a price of \$0.10 per share.

c) Of the 5,000,000 common shares issued, 3,729,786 are subject to an escrow agreement among certain shareholders, the Company and a trustee, whereby the Company is required to meet certain conditions imposed by The Alberta Stock Exchange before the subject shares can be released.

8. Loss per Share

Loss per common share is calculated on the basis of the weighted average number of common shares outstanding during the year. The weighted average number of common shares amounted to 3,462,020 (1995 - 1,078,366).

Calculating the fully diluted loss per share produces immaterial differences or anti-dilutive results in each year.

9. Income Taxes

For Canadian income tax purposes, the Company has losses of \$189,800, the tax benefit of which has not been recognized in these statements. The difference between statutory tax rates and the effective tax rate is primarily the result of not recognizing the tax benefit of these losses in the financial statements. These losses are available to offset future taxable income and expire in the years 2002 and 2003.

10. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

Corporate and Shareholder Information

OFFICERS AND DIRECTORS

Nicholas Mather
President, Director
Brisbane, Australia

Don Caron
Vice President, Director
Edmonton, Alberta, Canada

Brian Roach
Vice President, Director
Brisbane, Australia

Rex Thompson
Director
Vancouver, B.C., Canada

CONSULTANTS

Collin Midobatu
Solomon Islands, Manager
Guadalcanal, Solomon Islands

SHARES LISTED

Alberta Stock Exchange
Symbol: WPI

CAPITALIZATION

Authorized - unlimited common
Issued - 10,827,329 as at
October 15, 1996

AUDITORS

BDO Dunwoody
Chartered Accountants
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T5J 3S9

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Alberta Treasury Branch
Edmonton, Alberta, Canada

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